

Ecolabels and certification for small scale operators

An FAO perspective

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Good morning Ladies and Gentlemen.

I would like to thank the organizer for the invitation to have an input into this very important topic.

I will try to tell you a bit what the FAO is doing regarding ecolabels and certification for fisheries and aquaculture.

First, a few words about “small-scale”. There are no clear definitions to distinguish between “large-scale”, “small-scale”, “artisanal” “industrial”, and “semi-industrial,” to name a few of the terms used. Also, we have “commercial fisheries”, “subsistence fisheries” and “sports fishing”. The last one increasing very fast in the rich world. Small boats these days can be very well equipped, with fish finders, GPS, automated fishing reels, long lines etc.

One thing we can say is that practically all fisheries, large-scale and small-scale, constitute an economic activity and thus respond to the same incentive structures, i.e. for economic gain. True subsistence fisheries, where the family of the fishing operator eats the catch without any trading taking place, constitutes a very small fraction of fisheries and I believe aquaculture as well.

I also want to state that there is a market somewhere for all fish and lots of fish changes hands “where no questions are asked”.

All those involved in fisheries and aquaculture activities which constitute an economic activity naturally want the highest price for their effort.

So, certification and ecolabelling has the purpose to reach the most demanding markets – that also pay the best price for the products.

I will now try to give you a snapshot of where FAO stands on these issues. We recently published an overview of these issues in a Globefish publication available through FAO Globefish: www.globefish.org - the cover of which is shown on the next slide.



The Globefish report endeavoured to sum up the current practice of marine ecolabels for capture fisheries, current practice and emerging issues.

Globefish study: Market Penetration of Ecolabelled products

- ◆ Volumes - modest
- ◆ Concentrated markets - 5 markets (UK, USA, Germany, Sweden, Switzerland) account for 3/4 of MSC sales, UK & USA 38%
- ◆ Concentrated species - MSC products (2007 figures) Half are hake type fish, 42% is Alaska salmon

MSC is used here as the main illustrative example because it is the most international and largest of ecolabelling schemes.

Volumes - MSC claims 7% of world's total edible wild capture fisheries but this includes species in assessment and pre-assessment. Moreover, not all fish from certified fisheries carries a label at point of sale. Real volume of MSC-labeled products is probably significantly less than 1% of global fish trade.

Concentrated markets - 5 markets (UK, USA, Germany, Sweden, Switzerland) account for three-quarters of sales. UK and USA together account for over a third (38%).

Concentrated species - half MSC products are hake-type fish (Alaska pollock, NZ hoki, South African hake), while 42% is Alaska salmon.

Globefish study: Producer benefits - the reality

- ◆ No evidence of price premium
- ◆ Some new business but “diminishing returns”
- ◆ Costs: actual costs of certification and expert fees, compliance costs (adjusted management practices, data collection, record keeping), longer-term costs (catch-limits)

To date there has been no clear evidence of price premiums accruing to eco-certified fish. While there is some evidence of improved market share, this is a case of ‘diminishing returns’ as more producers in the same market and species also become certified and certification becomes the ‘norm’.

Producers assume the bulk of the costs of certification: The actual costs of an MSC full assessment can range from \$US 10 000 for a small fishery to \$US 250 000 for a larger, more complex one. There are also compliance costs and potential costs related to adjustments in fisheries management (e.g. reduced catch limits).



Some sector dynamics



During the last three decades, the number of fishers and fish farmers has grown faster than the world's population.

In 2006, there were an estimated 44 million people working as fishers and fish farmers, with the majority in developing countries and most in Asia, with China alone accounting for some 13 million fishers and fish farmers.

At the same time, the number of vessels in the world fishing fleet has remained fairly constant for the last few years.

In 2006, there were about 2.1 million engine-powered fishing vessels, of which around 90% were small vessels less than 12 m in length.

Almost 70% of them were flagged in Asia.



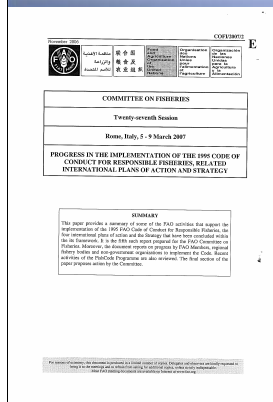
Economically, the contribution of fish to GDP has doubled in the last 25 years, and international trade of fishery commodities reached 86 billion USD in 2006, a dramatic increase of more than 55% since 2000.

And, in terms of trade, currently fish is one of the most highly traded food commodities, with 37% of all production now exported. This phenomenon is particularly evident in developing countries: total fishery net exports* have shown a four-fold increase in 20 years and reached 25 billion USD in 2006.

* i.e. the total value of fish exports less the total value of fish imports



FAO evaluates progress of the Code of Conduct...



Fisheries Management: one in four Members reported not to have plans in place...

57% manage fisheries through access regulation...

72% implement Vessel Monitoring Systems (VMS).

80% have effective food safety systems...

53% have improved use of bycatch...

Fisheries Research: 60% obtain reliable data on at least some of the stocks...

This is an example of the collated questionnaire from the latest survey communicated to COFI in 2007. You can see some of the responses gathered.

Note, 25% of responding countries admit in writing that they have no plans in place.

We also know that many countries do not try to keep lists of their fishing vessels - not even the big ones.

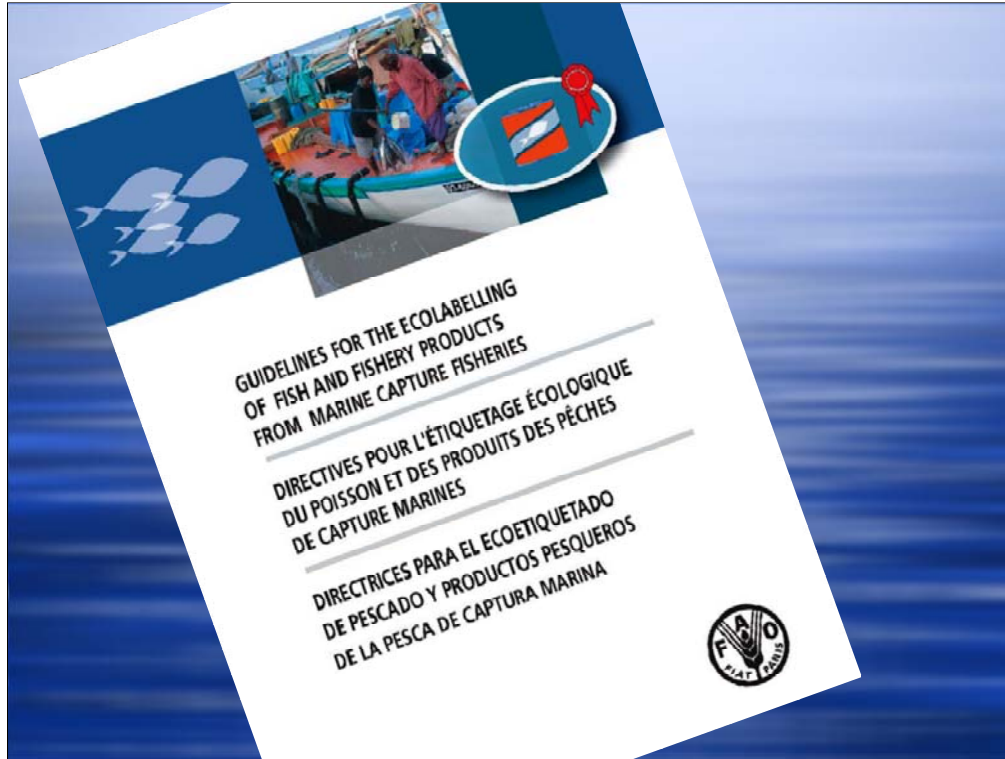
We know that landing statistics are very poor in many countries and often very rudimentary.

And we know that fisheries research in many places is very weak or non-existent.

Leading retailers had by 2007 become committed to various certification and ecolabelling schemes...

| Retailer | Policy |
|------------|---|
| Wal-Mart | MSC for wild, GAA for organic |
| Sainsbury | Working closely with the Marine Stewardship Council (MSC) |
| Coop Swiss | Naturland for organic shrimp |
| Tesco | Partnering with MSC |
| Metro | EII, MSC |
| Carrefour | Own scheme for "responsible fishing" |
| Ahold USA | Eco-Sound: sustainable fisheries |
| ICA Sweden | MSC |
| Lidl | MSC |

Leading retailers had by 2007 become committed to various certification and ecolabelling schemes.



FAO started working on voluntary guidelines on ecolabelling in 1997 and they were finally adopted at the FAO Committee on Fisheries in 2005. That it took 8 years shows just how contentious the issue was. Developing countries were worried, and actually still are worried, that ecolabelling schemes can represent barriers to fish trade.

The Guidelines define the institutional arrangements for ecolabels and the minimum substantive criteria.

We are still learning about the role ecolabels are playing in fisheries management but there is no question that they have raised awareness and led to substantive work on defining the minimum eco-criteria.

Work is now underway in FAO on how to further elaborate on the three substantive minimum requirements spelled out in the Guidelines, that is the fisheries management system, the "stocks under consideration" and ecosystem considerations. An expert consultation has already been held by FAO for further elaboration of these requirements. So, this to me is a crucial piece of work in progress as it has implications far outside the scope of ecolabelling as such.

Minimum substantive requirements and criteria

- ◆ The fishery is conducted under a management system based on good practice (adequate data on state and trends of stock, best scientific evidence)
- ◆ Stock under consideration is not over-fished
- ◆ Adverse impacts of the fishery on the ecosystem are properly assessed and effectively addressed

This is broadly what the Expert Consultation for Minimum Substantive Criteria for Ecolabels, held in Rome, 3-5 March 2008, came up with. Importantly for small-scale fisheries they suggested that use of *less elaborate methods* for stock assessment should not preclude fisheries from possible certification for ecolabelling.

For fish stocks generic evidence based on similar stocks can be used for fisheries with low risk to that “stock under consideration”...

For ecosystem: These criteria are to be interpreted in the context of avoiding high risk of severe adverse impacts.

Moreover, the Expert Consultation recommended that FAO develop technical guidelines on the application of risk assessment methods in the context of ecolabelling of data-poor fisheries.

So, all this should be good news for the small-scale sector as it opens up data such as landing statistics to evaluate the state of stocks instead of elaborate fishery research.

So, for developing countries: bonus or barrier?

- ◆ Very few examples of certified fisheries in developing countries
- ◆ Certification is problematic
- ◆ No immediate economic imperative
- ◆ But: potential to add impetus to improved fisheries management
- ◆ NGOs (MSC, WWF) developing methodologies applicable to developing countries.

There are very few examples of certified fisheries in less developed countries (MSC certified South African hake, Mexican Baja California spiny lobster).

Certification is problematic (data deficiencies, weak fisheries management, costs prohibitive, multi-species fisheries poor 'fit' with ecolabels).

No immediate economic imperative (current ecolabels concentrated in species and markets less relevant to developing countries).

But, potential to add impetus to improved fisheries management (attracting overseas assistance and expertise that could spill over into fisheries generally) and infrastructure (in Mexico WWF says that MSC certification of Baja California spiny lobster helped attract US\$20 million in government infrastructure spending).

NGOs (MSC, WWF) are developing certification methodologies specifically designed to fit developing country conditions (e.g. risk management, using traditional knowledge of stocks etc.).

Technical guidelines on aquaculture certification

- ◆ Ongoing work by FAO and NACA, requested by COFI AQ in 2006
 - ◆ food safety and quality
 - ◆ animal health and welfare
 - ◆ environmental integrity
 - ◆ social responsibility
- ◆ Six expert workshops in 2007 and 2008
- ◆ <http://www.enaca.org/certification>

Let me then turn to another piece of work FAO is undertaking and that is, developing technical guidelines on aquaculture certification. These are being discussed this week at the meeting of the COFI Subcommittee on Aquaculture in Chile.

Aquaculture has many small farms, particularly in Asia. In India e.g. there are some 500 thousand aquaculture farms. A lot of progress has been made in this area and solutions for certification are being worked on which involve certifying groups of farms rather than attempting to certify them individually.



What the future holds we don't know. However, eco issues, social issues and animal welfare are rising in importance, even towards the two classical concerns when it comes to trade: food safety and animal diseases. The number of schemes claiming to uphold sustainable fisheries is becoming very large and thus the call for FAO to work towards a standardized approach is getting stronger.

Many have questioned the wisdom of leaving the all-important sustainability issues to the market – as might be incurred by the use of voluntary ecolabelling schemes that are basically competing in the marketplace, sustainability being so important that it should be made obligatory to comply with minimum standards in that respect. That would be much in line with how food safety is dealt with, i.e. it is a basic requirement. Labels on foods with food safety claims would actually look strange: “Buy our product as it is less likely to kill you or will make you less sick than that of our competitors”.

In conclusion: It is important that the capture industry, retailers, NGOs and international organizations collaborate to speed up work to improve the sector and the conditions for the fish workers.

I hope we have a good discussion here today.



Thank you

Further information: www.fao.org
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